

## Electricity Consumption Benchmarks rule change

Transcript: Workshop with consumer advocates

Monday, 17 July 2023

### Participants:

*Please note, for privacy purposes we have only identified consumer participants by first name.*

AEMC:

- Michael Bradley, Executive General Manager, Consumers, Markets and Analytics
- Jessica Curtis, Senior Advisor, Project lead
- Yolana Keogh, Project lawyer
- Pete Thomas, Comms & engagement

AER: Steph Jolly, A/Executive General Manager, Consumers, Policy and Markets

Australian Council of Social Service (ACOSS): Kellie

Brotherhood of St. Laurence: Emma

Council on the Ageing (COTA): John, Mary, Maxi, Robyn

Energy Consumers Australia (ECA): Alice

Public Interest Advocacy Centre (PIAC): Alana

South Australian Council of Social Service (SACOSS): Georgina

Victorian Council of Social Service (VCOSS): Rory

### Housekeeping and introductions:

Michael Bradley, EGM AEMC: Hello, everyone. Thanks for joining us today. I would start just by acknowledging country, the traditional owners. I'm coming from Gadigal land today, in the Eora nation, and I pay my respects to elders past, present and emerging.

Today, we're holding this so that people can discuss issues and ask questions, give us their perspectives. So we're doing it for a couple of reasons. One - if this process helps people put a submission in (which are due on this Thursday), the other is, if you don't want to put a submission in, we can use the transcript of this recording as an input to our process as a submission, and so we can take the commentary given today, we'll do a transcript where we'll attribute the comments to individuals or organizations, because that's the basis on which we take submissions, and then that can be your input into the process. So we hope that's a sort of a path that you can use as you choose.

From the AEMC, for this process, I'm Mike Bradley. I lead the Consumer, Markets and Analytics team at the AEMC. We've got Jess Curtis on the line, who introduced us, and Jess is our project lead on this. We've also got Yolana Keogh who is our project lawyer and Pete Thomas, who is from our comms group and always helps us run all of these forums.

We've also got Steph Jolly, who's the Acting Executive General Manager of Consumers, Policy and Markets. Steph has kindly come along as well, so if there are clarification questions, people can ask those along the way.

And really, that's why we're here. It's a fairly short session, but hopefully it's useful to people. And with that, I might ask Steph, if you wanted to outline the goals of the proposal from your perspective.

**Rule change proponent (AER) on the goals of the rule:**

Steph Jolly, AER: Thanks very much, Mike. I won't recap too much on what's on in the proposal itself, which is, is obviously available to everybody. I think that the core of it, though where we're coming from is to go back to what's the value that comes from the rule?

And where we're coming from is that there used to be a requirement to produce the benchmarks, because there was also a requirement on retailers to place that data on bills, that now no longer exists. So when we look at what do you need the rule for, and what's the data for, the use cases are much, much, much more limited.

We do see value in benchmarks, but we don't think that you need a rule to require the production of those benchmarks, and I think where we're at at this point in time is, we say that the cost of that rule is outweighing the benefits. So that's what's driven us to put this proposal to the Commission.

I'm happy to get into some of your questions about how we use and don't use that data. But also, you know, I think really fundamentally interested to hear the value that you see in it and where it might take us as the market evolves in the future, and the regulatory framework evolves in the future.

Those are probably the key things I wanted to say but also happy to take questions on that as we go.

Michael Bradley, EGM AEMC: Right. Thanks, Steph. Now, Jess, you I know you put together a bit of a structure. Did you want to sort of put that on the table as a way for people to walk through issues or questions that they have?

**Overview of the rule change process:**

Jessica Curtis, AEMC: First I'll start with a bit of background on the expedited rule change process for those who haven't been engaging - where we're at now and where we'll be going over the next couple of weeks, and then we'll get into a discussion. And certainly, if you have questions that Steph can help answer or that we can help you answer, very happy to have those.

So I'll start with this background. Now this slide sets out the process. So the expedited rule change process for those weren't familiar is something that's set out in our legislation, so it's a very structured process. We have received the rule change request, published the consultation paper.

There is an opportunity for people to object to the expedited process based on the test around whether or not it will have a substantial impact on the energy market and a couple of other pieces. That deadline has passed and no objections were received. Now, that's just objections to the process. I do want to be clear that that doesn't mean that you've missed any opportunity to put your views forward on the substance of the rule change itself.

The key deadline is this coming Thursday, the submissions to the consultation paper, although, as Mike has said, we really want to use this to help you in that process. And if you know, taking the time on this call is as much capacity as you have, we are very happy to take your views as expressed here.

And then currently the final determination is scheduled to be published on the seventeenth of August. Now this is open to change. If we receive new or controversial issues that we haven't thought of in submissions that we need to look into further, we can adjust as needed. We're not necessarily saying that's likely or unlikely at this stage because we haven't received submissions yet, but just flagging that nothing's set in stone.

So that's the process. I might just stop and ask if anyone has questions on the process itself before we get into the substantive conversation.

[Silence]

Excellent. And always you can contact me with any questions that you have.

**Discussion of the rule change:**

Jessica Curtis, AEMC: This is really the core of today - so we want to have a discussion, we want to hear from you on your views. I'd like to start with hearing from each of the organizations that are present on the call. Obviously an introduction of yourself and anyone else from the organization who's here today, but then just initial thoughts, whatever thoughts you you've gathered thus far on the proposed rule change, and then we'll dive into questions - I've put these here as guidance, but if the conversation evolves naturally, we'll follow that - we don't need to be too structured.

And then, as we said earlier, you know, Steph has said that she's happy to answer questions. If there's any factual questions that I or Mike can help answer, whether it be about the process or what we're considering, we can try, but also, of course, at this stage we don't have any formed views, the Commission doesn't have any views as we are waiting on receiving those the submissions from everybody.

I might just do the awkward go around the circle that's on my zoom screen so we don't have the long silences in between each group. I think I'll start with Robyn from the Council on the Ageing, if you don't mind, Robyn.

Robyn, COTA: Thanks, Jessica. That's a bit of a surprise.

Jessica Curtis, AEMC: You happen to be in the upper corner of my screen.

Robyn, COTA: So I'm Robyn from COTA. I know quite a lot of people on the call, I think I'm familiar with most of them. You'll notice there are a few other COTA people on the call, and I just want to clarify that COTA is not one organization, we have a COTA in each jurisdiction and a national COTA organization. So we've got 9 different organizations for you to deal with - they're not all here. Having said that, we do try to sort of loosely work together on issues of common interest. And so that's why you can see a few of our members on the call here today.

We did make submissions to the Better Bills review, and in terms of the benchmarks, the position that we put forward in our responses, among others, was that in our view, historical benchmarks for individual consumers are of more use than benchmarks with other groups of consumers. And so we're not necessarily opposed to the removal of benchmarks from the bills, we accept that's the way forward, but our concern is more about the use of benchmarks in other applications, and I guess that that's what I'd like to explore a little bit more. And do you want me to go into detail now, or do you want me to do you want to go around the other organizations.

Jessica Curtis, AEMC: I think that conversation around where else benchmarks are used is probably going to be a key part of what we talk about today.

Robyn, COTA: So I have concerns in in 3 areas. One is in Energy Made Easy, and I notice discussion papers that we've seen have covered that to some degree. It worries me that if this rule change goes ahead we'll be reliant on 2020 data for Energy Made Easy for the foreseeable future.

I think the benchmarks are imperfect, I must agree with that analysis, but it's all we have at the moment, and so rather than just abandon the information altogether, my particular preference would be to continue with what we have until there's a replacement that's better. I'd like to see, if we don't have a new methodology for calculating benchmarks at this point, particularly for EME, to use the current methodology for one more round while we're developing a new methodology that gives us better benchmarks. So that's EME - it worries me, the impact it might have on the credibility of the outputs from EME.

The other areas where I think benchmarks might be used, and I'm not entirely sure - firstly, in the jurisdictional regulator arenas. So in Queensland we have the QCA. I suspect they use the benchmarks in the development for explanation of their regulated pricing. Maybe that's not true, but I'd like to find out more about it.

The other area is in consultation with network businesses on tariff impact. So generally, we are working with network businesses who are proposing changes to tariff structures, and they are required to provide an impact analysis for various groups of customers. And my assumption, again, is that they use benchmark data to help to analyze what the impact might be on different groups of customers, so that we, as consumer advocates, can understand who the winners and losers are in each of those cases.

So I guess that's the position I'm coming from, and the starting point for our COTA group. I don't know if any of my colleagues might want to chime in at this point.

Mary, COTA: No, I think you've done it. Excellent job.

Robyn, COTA: Thank you.

Jessica Curtis, AEMC: I think you set us up well, with a really structured sort of way forward. I might continue around the zoom circle. Oh, sorry, John, did you want to say something?

John, COTA: Just following on from what Robyn said. If we don't have a standard set of benchmarks across the country, the whole price regulatory process just falls into some sort of farce, unfortunately.

I'm involved with our price regulator on a regular basis as part of a consumer group, and the constant issue that comes up is how do energy prices compare across the country. At least with a consistent and nationally organized set of benchmarks, any comparison across the country starts to make sense. If you don't have a consistent benchmark, then what's going to happen? You're going to politicize the price regulation process even more, and governments and regulators will choose their own benchmarks, which may bear little or no resemblance to what you do, to justify why the cost of electricity to consumers in their particular jurisdiction is appropriate, is the lowest in the country.

I'll give you an example of this - in Tasmania, we are constantly told, we have got the lowest energy prices in the country. What that forgets is that we also have the highest energy consumption, because we're a bit colder down here than where Robyn is. What these benchmarks do is they provide the critical link between the unit price and the budgetary impact on consumers, particularly low income consumers.

And by having a consistent set of benchmarks across the country, we can have a consistent comparison. If a government wants to say that benchmarks not appropriate for my jurisdiction, they then have to justify it. If they want to say that the benchmark of my jurisdiction relative to somebody else's jurisdiction is not appropriate, they have to justify it. And so I think these benchmarks are critically important in the price regulatory process, and if we abandon them, and we allow jurisdictions to make up their own, it's just making it one step harder for advocates, because we have enough trouble dealing with regulators who go away and get a consultant's report from somebody like, in the past organizations like [redacted] or [redacted], and I can tell you when we say something as advocates - 'this is not right,' a number of times we get thrown a consultant's, report from some flash sounding consultant back at us, who someone's paid a lot of money to - and remember we do this as volunteers - it makes our job very hard.

And so I think, as a regulator, you have a responsibility to provide these benchmarks and continue to provide these benchmarks. Yes, they might not be the best benchmark in the world, but I can tell you what - and my background is in public policy, I'm an economist, and I've been in this energy space since the mid to late nineties - without a benchmark consumers are that much further behind the eight ball. Let alone the importance of benchmarks for me as an individual consumer to actually see whether I'm being efficient with my energy. But in the regulatory space they become critical. Now I'm sorry for going on so long, but I think it needs to be said.

Jessica Curtis, AEMC: We'll certainly get into more details on everything both you and Robyn have raised, I just want to make sure that we give everyone a chance to do some initial introductions and

to outline their high level thoughts before we dive into that detail, and also see if Steph has any thoughts on anything that's come up. Alice, I think you are next on the zoom circle.

Alice, ECA: Hello, I'm Alice, I'm from Energy Consumers Australia, I think I've met a few of you before.

We don't have a kind of personal use for these benchmarks, but I will admit part of my reason for that is because I didn't actually know they existed in the exact capacity that they do until this consultation in terms of how to find spreadsheet online and everything.

I think we raised and have a few a questions that echo Robyn's quite closely, in the sense that we are quite curious to know exactly what the plans are for Energy Made Easy, and how people will be, and how the AER will be calculating things on Energy Made Easy without up to date benchmarks.

We also agree that, relying on the 2020 benchmarks - which I think was data collected from 2019, if I'm correct - in the meantime we've seen a pandemic and an energy crisis, and many things that mean those benchmarks are even less accurate than they were at other points. So we don't think relying on such outdated data is a great thing to be doing. But we're sort of unsure at the moment, though what exactly the AER has planned for that, and so, if no use case is determined for these benchmarks, we can't provide you with one, and we know that that's what the AEMC needs to keep them going. But if there was a use case for these benchmarks, either through Energy Made Easy or if various regulators use it in determining prices, then we think that relying on 2019 data isn't good enough, and maybe we should think about at least doing one more before we decide to kind of scrap them.

Also, noting that we're sort of entering a period of a lot of uncertainty at the moment: we actually don't know the impact of taking them off bills, prices have gone up, we're seeing lots of changes in the energy market when it comes to the uptake of CER and everything. So there's a lot of kind of unknowns, and we don't know how smart meter data will fill the gap, we don't know how various things that have been cited as filling the gap will actually play out in reality.

Noting that uncertainty, I haven't worded that in a particularly succinct way like Robyn, you did a much better job. But that's sort of our feeling - if there is a use case, we don't think 2019 data is appropriate. But we also can't give you a very clear exact use case to point to.

Jessica Curtis, AEMC: Thanks, Alice, that that's helpful. I'll just continue around. Rory, do you want to say something?

Rory, VCOSS: Hi, everyone. I'm Rory from VCOSS in Victoria, the peak body of social services in Victoria. I won't speak for too long, just partly because I'm pretty new to the role, and also we actually haven't had time to consult with our members on this. But sort of having looked into this over the last week or so, I kind of get the sense, and I'm getting it again from everyone speaking so far, that the benchmarking information seems to be a lot more important, especially for consumer advocates, than the AER proposal paper seems to frame them as, and it seems a bit concerning that we're kind of going to abandon them so quickly, especially as people have been saying, it's sort of in between phases of data collection and ways of doing things.

I think the other thing from a Victorian perspective is, as was sort of laid out in the proposal, there is a unique situation here in Victoria, where we have legislation that requires retailers to either show greenhouse gas emissions or benchmarking information on bills. Having looked into that, I found that most of the major retailers in Victoria do show both and it sort of would leave consumers and retailers in Victoria kind of in the lurch if that information wasn't available anymore. And the suggestion in the AER proposal that the 2020 data to be used. If any Victorian retailers want to continue putting benchmarks on bills, as people pointed out, has an issue of accuracy, you know, over time as we move away from 2020, or even 2019, if that's when the data came from, you're going to have that sort of be meaningless, if as the proposal sort of put laying out the case that benchmarking data is not accurate enough already. Then what's the point using outdated data if Victorian retailers are going to continue showing that information?

I guess that's sort of where we're coming from with this kind of unique situation in Victoria, of having separate legislation that requires this, but then not legislation that requires a collection of it, is a tricky situation.

Jessica Curtis, AEMC: Yes, it is complicated, especially with anything having to do with the NECF, but thank you, that's helpful. I'll just continue on to Alana, and I just saw that, Kelly, you've joined us, which is great. So we're just going around and doing some introductions from each of the organizations with initial thoughts, and then we'll jump into some specific questions and answers.

Alana, PIAC: Awesome. Hi, everyone Alana from PIAC. I echo everyone else's comments. Obviously, we're not relitigating the issue, but we didn't agree with benchmarks being removed from bills in the first place, so just want to throw that out there.

But in terms of the benchmarks being removed from bills, we haven't had the consumer response to that tested yet, the Better Billing Guidelines aren't coming in or aren't being enforced until September, and then we probably need, you know, at least a years' worth of billing cycles before we can test consumer response to that information being removed, and whether consumers want it put back on at some point possibly. You know, during the Better Bills Guidelines, consumer groups and the AER's own BETA research showed that consumers like benchmarks on their bills, and we don't feel like there was sufficient justification given for why they were removed from bills in the first place. And this latest rule proposal is a bit of circular logic where that rule was removed, so they were removed from bills, and now the data is apparently not necessary. So we think, just a bit concerned about that.

In terms of uses for the data, most people that have spoken so far have pointed to the concerns that we have around Energy Made Easy, DMO calculations, energy transition planning. We're at a very complex and crucial point in time in terms of our energy transformation, and we can imagine that the benchmarks have a lot of wide ranging application for jurisdictions that are doing that energy transition planning, particularly as we're starting to move towards things like electrification of households. Those kinds of benchmark data is going to be important for policymakers as well as consumers and consumer advocates.

Similarly, we have concerns about the suggested alternatives or the things that can fill the gaps - seems overly reliant on processes and technologies that aren't available to the majority of consumers. Smart meter roll out - the goal is 2030, and so to say that consumers will be able to access their smart meter data or real time data as an alternative is premature. Pointing to the ESB's data strategy which hasn't been finalized, let alone implemented is also premature.

And so we just think that it's rushed, and that maybe that's because of the implementation question which, as is pointed out in the AEMC consultation paper, that a big part of why the rule change has been proposed seems to be that it's resource intensive. It's our perspective that processes regulating an essential service is sometimes going to have to be resource intensive, and that consumer information and energy efficiency isn't necessarily the place to be cutting costs.

In terms of where we thinking we'll be in our submission, we're probably going to be suggesting that a more preferable be made to redesign the benchmark methodology to make it more useful to consumers and more practicable for the AER, rather than scrapping them.

Jessica Curtis, AEMC: Thanks Alana, appreciated. Georgina, I think you are next on the screen.

Georgina, SACOSS: Thanks, Jessica. So my name is Georgie, I'm from SACOSS, South Australian Council of Social Service. I'm calling in from Ngarrindjeri land.

I'd just also like to support all the previous comments from all the previous speakers, it's all been said very well. Obviously, consumption data is incredibly important to us in the work that we do. It's an essential part of the affordability equation. You can't really have a discussion about energy affordability without having an understanding of consumption. It's also an essential part of our input

into network determination processes and as Robyn mentioned, tariff design. We really want to actually have more consumption data, more information about consumption and more distributed distributional consumption data that has an assessment of who's consuming more and who is consuming less.

We know the AER has done some analysis based on this data before around hardship customers in South Australia who consume 70% more energy than non-hardship customers. That's really important for us to know. It's also really important in terms of understanding energy efficiency and self-rationing behaviour which might be happening now as a result of soaring energy prices that have increased by over 50% in South Australia in the last couple of months.

So for us, we really are strongly opposed to any reduction in us having any access - publicly available access - to consumption data. Particularly in South Australia we obviously have a lot of solar customers, and when we're talking about network costs and distribution of those costs, we really need some visibility on low consumption solar households, high consumption non-solar households who may be locked out of accessing those technologies in the future, and where the costs of the network are going to fall - who's benefiting, who's paying, it's all around consumption.

We do have the most unaffordable electricity in the NEM, and that's because we have lower consumption than Tasmania - I mean it's because we have higher electricity unit costs, but we have lower consumption than Tasmania. So we're able to make that assessment about how unaffordable our energy is based on consumption data. So I think we need to ensure that in the future, particularly in a time of such rapid transformation that there's more information available to consumer advocates, more information available to consumers should they need it, but particularly in terms of policy design, we really need to understand what the consumption behaviours are of people now and into the future. And, as Alana said, when you're talking about electrification of households and EVs, etc, we really need to have a greater understanding and not less information. So in a nutshell, really want more information - whether that's a redesign of the current rule, or whether that's more publicly available information from the RIN data, we just need more information, not less is effectively where we're coming from.

Jessica Curtis, AEMC: Emma, if you want to..

Emma, Brotherhood St Laurence: Thank you, yes. Agree with most of what's been said, just have a few points to add. I checked with our on the ground staff before coming to this meeting, that do a lot of work with people to directly to understand their bills and to look for better offers, and they refer to it all the time, and their comment was that it's the only thing on the bill that's not expressed in terms of kilowatt hours. So it is a point of entry for understanding for someone with zero energy literacy - does our house use more or less than a normal 1, 2, 3 person household.

So agree with Alana, probably would have been best to leave them on the bill. But I agree with all the other use cases, and I especially agree with John that there's just so much value in having something that's standardized.

I had a question, perhaps for Steph, which is that I guess I'm a bit confused about the suggestion that this measure to get rid of benchmarks could be a cost saving opportunity. If we're still going to have benchmarks in some form. I guess I don't quite understand why it's a resource intensive activity to put together benchmarks and I guess I'm just curious about that. And I don't understand what we're going to get instead that's going to be just as valuable that would be able to save a lot of time in getting prepared. So genuine curiosity about those points.

Otherwise, I think they are useful.

Jessica Curtis, AEMC: We'll go to ACOSS and then Steph, if you'd like to jump in and respond to some of those questions, otherwise I can answer where we can and give a bit of an overview of what I've heard so far. But, Kelly, do you want to?

Kellie, ACOSS: Yeah, thanks, Jessica. Really appreciate that you've set up this consultation for us, I think it's a really valuable process. So I'm Kelly, the program director climate energy for the Australian Council of Social Service. Many of the people that have already spoken are members of ACOSS and I certainly support the comments that they have made. I'll probably repeat a few of them, but I think they're worth repeating just to, I guess, indicate how important this is by repeating this.

I think we don't have enough data at the moment around energy in particular, the energy transition. So I guess it's alarming for us that we would be getting rid of data. We know that there is work on the way at the moment around consumer metrics projects, and that the AER itself may also be looking at other ways to access data that is actually better for all of us, and better in terms of informing the energy transition. But we're a long way from having any of those metrics in place. There are still ongoing conversations around that, so until we have in place replacement metrics that have been consulted on and agreed in terms of they'll be valuable and a clear implementation pathway, we're certainly very hesitant to take away the benchmarking consumption data.

As other people said, it's really important and I agree probably should never have been taken from bills. But I can't talk about that, because ACOSS didn't engage actively in that Better Bills process - sort of regretting it a little bit now, not that we necessarily would have made a difference, but extra voices probably would have been helpful.

Energy Made Easy. Really important for the energy transition planning. And, as I have said, Jess to you in emails, in particular the energy performance strategy, and a few people have already mentioned that. It's going to be really important, the government are looking at setting targets and sub-targets around housing and consumption, as was mentioned before is really important.

You know, it's not just about the price of energy, it's about the affordability of bills and consumption is a critical component of that. So unless we have a really good understanding about people's consumptions, we then don't have a good understanding about energy affordability, so we do think it will be an important measure.

I think someone summarized before that we actually need more information not less at this stage, and until, I'll just say, until those other metrics are in place, we strongly oppose getting rid of the consumption benchmarking data. Thanks.

Jessica Curtis, AEMC: If anyone from COTA had anything else, John, I know that you've added a few bits but Mary or Maxi, if either you had anything else you wanted to add before we jump to Steph, just wanted to open that.

Maxi, COTA: Yes, in my case, I have put my hand up and say I'm very new to this process, and I'm sort of working with Pete here in New South Wales but the South Australian Council of Social Services mentioned the solar and non-solar households and the huge discrepancy in consumption. And talking about data, I'm just wondering, just in my case, my solar consumption is all behind the meter. So the company has no idea of how much power I consume in terms of solar. So I'm just wondering if that was actually across the board, how are they saying that the data - how are they actually going to talk about data costs in terms of consumption, and how it's affecting people? Because if I'm correct, they have no way of measuring what solar households are self-consuming at the moment. So just thought I'd put that thought out there.

Georgina, SACOSS: Do you want me to reply just quickly on that one?

Jessica Curtis, AEMC: Sure

Georgina, SACOSS: So the information that we'd like to see - that's not currently available, just to put that out there - is that we want to understand grid consumption. So what a solar household draws from the grid, not what it uses behind the meter. So we want to know what a solar household's grid consumption is compared to a non-solar household. Obviously a non-solar household will get all its energy from the grid, whereas a solar household might generate some energy and have some energy

from behind the meter. So we want to understand the different consumption profiles, because that will have an impact on the amount of money those people paid to effectively pay for the network costs. So hopefully, that explains it.

Maxi, COTA: Okay, so what you all are after is how much the cost of actually the poles and wires are being socialized among everybody as opposed to maybe the solar people have to pay more than non-solar households, correct?

Georgina, SACOSS: Correct. Usually, it's non-solar pay more than solar. thanks.

Jessica Curtis, AEMC: Thanks Maxi.

Mary, COTA: I'd just like to make a quick comment. Thanks very much Maxi, I was wanting to ask something about solar. And the other thing I'd like to do - I agree with everything that's been put forward by fellow consumer advocates, particularly what Emma stated in relation to Steph's earlier comment about we see value in benchmarks, but don't think we need a rule requiring benchmarks.

I just think we do need a rule, and we do need benchmarks. Most probably we need those benchmarks to be more sophisticated than what they are now, but definitely don't want to see the benchmarks just dismissed. Thank you.

Jessica Curtis, AEMC: I know that ended up turning into a slightly longer conversation, but it was really helpful to hear from everyone in terms of what's concerning you, and many of these have come up, and it was good to hear in a bit more detail what your thoughts and concerns were. Steph, did you want to address anything that was raised? I'll hand over to you.

Steph Jolly, AER: Yeah, sure. There are probably 3 things I think that I'd probably like to respond to, and I kind of was thinking of the themes and what was coming through, and what was said there. So happy to go one by one with them. If that's useful, or I can kind of lay out my thoughts and people can respond as they wish.

One is around the EME, where I think it would be useful if I shared maybe a little bit more of what we're thinking around EME and where consumption benchmarks feed into that service.

The other, I think, is a really important point of clarification around where we don't use benchmarks internally at the AER, and particularly in price setting and the DMO, we do not use these benchmarks. We use benchmarks - we do not use these benchmarks. There's a there's a range of other places where we make comparisons using not these benchmarks, so that might be something that would be good to unpack a little bit with people - when you're talking about benchmarks are important and they are valuable, is it actually these specific ones that we're that we're producing as a result of this rule? Or is it a different set of data that may be coming from other places, or maybe wish was coming from other places.

And then I think my third one is around the resource intensive nature of it, I'm happy to share a little bit more insight into that, and the more data, not less data kind of, do we need a rule type issue? So, I don't know up to you Jessica, and the group, about how you'd like to go through each of those.

Jessica Curtis, AEMC: Look, I think one by one probably makes sense, just to give an opportunity for people to ask clarifying questions. I think the order you raised it in probably works well.

Steph Jolly, AER: Yeah, sure. Okay. Happy to do that. So with EME, EME is a really important service to us, and it's something we have a statutory obligation to do as well - separate section of the national electricity rules requires that of us - and we've been doing a lot of work over the last 2 years on what should that look like? The law gives us a lot of discretion around that, but it's been a big question for the AER. And people might be aware, we recently launched a Beta version of the site, so essentially a new format for the comparator, which we are testing with a view to replacing the current site once that's completed and subject to the results.

But we've also got a long term program around how do you get EME to be a best in class comparison site for energy. And if you think about the way EME works at the moment, there's really 4 ways customers can get a comparison result. So, they can enter their NMI (focused on electricity), and we go directly to AEMO, and as long as they've been with that account for 12 months the site will pull back the consumption data from AEMO and do a comparison for them. They can enter the data from their bill themselves, they can upload a PDF of their bill, or they can use the consumption benchmarks. So that involves answering a couple of questions like, how many people live in your house? Do you have solar? Do you have a pool? And this sort of thing. That element, if you've ever used EME in that way, draws on these consumption benchmarks. They don't answer all those questions that they help answer the one about household size in particular.

Now, when we look at who's using EME and particularly who's using the new version - which in the Beta site is really in intended to simplify the comparison process from a user perspective. So it doesn't make a lot of changes underneath the hood, but in terms of the user going in and understanding what they need to do, it's really aimed at that. Now, over 80% of people are just entering their NMI. They can't upload their PDF bill at the moment, because we haven't enabled that in beta yet. So 80% are entering their NMI data and the other 20% are entering the actual consumption data off their bill, or using those consumption benchmarks.

We think they have a role - or that method of gaining comparison - has a role for customers in some circumstances. So particularly if you've recently moved house, you won't have historical data relating to that house, and even more so if you haven't had a bill yet. So that's an important point in time when you need something else. But there's real limitations to it as well. And this goes back to what's under the hood of EME and what we think the long-term investment that we will need to make in EME to continue to have it as something like a best in class service, which is that the market continues to change, and the way consumers use energy and what they need from the energy market continues to change.

So, when customers get connected to solar now, more customers are presented with a demand tariff on their bill. These benchmarks don't assist anybody with that, and, in fact, under the hood, EME can't currently deal with that either, because we need to invest in the data model and the pricing algorithm to enable it to deal with that new piece of information. When you look at time of use, similar situation.

Where the data that you have in the benchmarks here is just far too broad to be useful for customers for EME, and that's one of the things that makes us think about well, this rule was really put in place to deliver that average kind of advice -how do I compare to another household that's roughly like mine when I look at my bill. For EME to really deliver for customers, we need something much more sophisticated, and we start to decouple that from the rule, because what we have to do technically is fix that data model, fix that algorithm. And we can't do that on a schedule that is in a rule. It's highly complex, and we need to get the technical delivery right so that we're not going through the same process every time there's a new product in the market.

And where we're at at the moment with EME is this 'discovery process' we call it in the IT end of EME, around how do you have a solution that enables EME to stay current as the products and services available to customers continue to change? And that's where we would like to focus on - how do you bring the consumer data in, so that we know that it's actually delivering results that are useful to consumers rather than you know, an every 3 years update kind of process which won't align with the technical need and the way the market is shifting.

So I might stop there. That's kind of the fundamental stuff on EME.

Jessica Curtis, AEMC: Just noting that we only have 7 min left (and might run a few minutes over), Steph I might just ask you to give sort of some quick answers to those last 2 points, and then we'll go back, and I really want to hear from the group if there's either any additional clarification questions that will help you develop your submissions or any new or changed thoughts that you have based on

what Steph has said. Also, if we run out of time, I'm happy to talk to anybody individually, and set up times to talk anytime this week. Steph, I'll hand back over to you.

Steph Jolly, AER: Yeah, sure. So on the other uses for the benchmarked data. So when we construct the default market offer for example, we don't use these benchmarks. We have to use a set of benchmarks, and historically we have used net system load profile data across the various distribution regions for which we set the DMO. I can't speak for other regulators, but I have a feeling the QCA does a similar thing for regional Queensland and potentially the ESCV as well, but I won't speak on their behalf, but that's how we do it for DMO. Now we identified in the last DEMO determination, we think we're at a point where we need to revisit that because that net system load profile data is not good at picking up the impact of solar, and we think we're getting towards the tipping point where that's going to actually become quite meaningful. So we're doing some work around that at the moment, but I don't think we will move to a process where we use the types of benchmarks that are established under this rule to set prices because we have to set them across a whole distribution area for a whole type of tariff, not for a type of household, if that makes sense.

When we look at other places where we do comparison - so, for example, in our retail performance reporting, we also don't generally draw on this data either. So it would be possibly good to look at how other people are drawing on it, but if you are using our analysis, it's probably drawing on different benchmarks than these, and that might be something we can take offline if that's useful to understand in more detail.

On the nature of this being resource intensive and the issue of more data not less, it's the going out and surveying households or having some other methodology like that, that allows us to get this data at a household level which is really resource intensive. Now, the rule doesn't actually require us to do that every 3 years. The will just requires us to update the benchmarks. So one of the things we would have to consider if the rule stays in place is how often you need to go and collect that primary data, and what that methodology is.

Given where we are at with EME and what we see as really high value things that we need to do to EME, one of the options we would have in the short term would be a simple escalation of the current benchmarks rather than going and collecting new data. We would have to weigh up the pros and cons of that, but I don't think that would be something outside the existing rule for us to do. There needs to be a basis for it, and we would probably draw on some of the work we're doing for the DMO to determine what would be a reasonable basis for escalation, but yeah, that that's the sort of thing we would have to... And when we talk about that resourcing burden, it's not a matter of cutting costs, it's a matter of figuring out where to put our efforts. So we don't save heaps of money through this that we give back in some kind of efficiency dividend or something like that, we have to decide what we won't do if we do this. So that's why I really want to draw that connection to the value we think we can get out of EME if we think about this differently, outside of a rule and outside of a prescriptive process. Conscious of time I might stop there, if that suits Jess, and take some questions or anything else.

Jessica Curtis, AEMC: Yeah, that's great. Thank you so much Steph. I might just say that we'll go about 5 min over if anybody is able to stay to give everyone a couple of minutes of chance to either ask Steph questions, or raise any new or changed viewpoints you might have, and then I'll hand to Mike for the last minute or 2 for a short wrap up. Any questions or thoughts? Robyn, do you want to jump in? I can see you've got your hand up.

Robyn, COTA: Thanks, Steph, that was a helpful explanation, thank you. You've referred to a number of different benchmarking approaches, I think that you've used, and I think from a consumer advocate perspective, we're not aware of those, and we're sort of grasping on to the only one we know, and saying, don't take that away from us. Is there any way you can give us a bit of an overview of the other options that are available to us?

Steph Jolly, AER: Yes, look, I think the short answer is yes. I might not be able to do a full, decent job of that now. I mean the net system load profile data is a really important one. Somebody mentioned earlier the RIN data that distributors provide, that's another complementary source to that. But look, we were intending to make a submission to the AEMC as well, answering a few of the questions that have come up, so we could provide that through that process, or offline in parallel. I think time constraints might make those kind of similar timings, but we could try to cover that off, if that's useful.

Robyn, COTA: I would think that would be helpful, from a consumer advocate perspective. Thanks.

Steph Jolly, AER: Sure.

Kellie, ACOSS: It's Kellie here, sorry I didn't put my virtual hand up. I'm just a little concerned about process Steph, and probably it would have been really helpful if the AER could have come to consumer reps and said, this is what we're thinking, here's what else is on offer, and we're thinking about putting this rule change in, what do you think? Instead of lobbing a rule change in without consulting beforehand, which may have smoothed the process a little based on what you're saying. So I feel like we're now in a position where you're suggesting there's potentially other things we can use and we've got to think about that. And without being able to interrogate a little bit more what else is on offer, for me the comment before about there's other metrics that still need to be developed, and once we've got a clear understanding of what those are, and that there's a clear plan to put those in place, it's still really hard for us to say, don't collect this data. Do you get where we might be coming from? Where our concerns are.

Steph Jolly, AER: Yeah, I do hear that. I think there's probably 2 things from our perspective that have gone on there. So we did do some consultations and targeted consultation in between the conclusion of the Better Bills process and then submitting this rule change. It would have been late 2022, we spoke to a number of consumer groups. It wasn't a full public process or anything, but a bit of that happened.

The other thing that's happened in parallel is, we've done a huge amount of work on EME, so we've kind of been learning that in parallel to this process. And even in the last 6 months since we first sort of started talking to that AEMC about this, so I think that's a timing issue there for us that we're learning as we go with that. But I hear what you're saying, Kelly, about wanting to understand what's coming and maybe we can set out a little bit more in our response to the AEMC the way in which we think this rule helps with that, and the way in which it's separate to that.

Jessica Curtis, AEMC: Emma, did you have your hand up? Do you want to do last question/comment before we close up?

Emma, Brotherhood St Laurence: Really quickly, I guess what it sounded like to me is one of the things that makes the benchmarks hard to collect is the number of people in household, perhaps because that's what needs the survey? But it that is a useful handle for households as a comparison, for where they stand. So I guess one of the things that will be good to understand about these new avenues of benchmarks is whether it's possible to overlay that as a filter - how many people in each household seems like a bit of one of the sticking points.

### **Closing comments**

Jessica Curtis, AEMC: Submissions are due Thursday or, as I said, my inbox, my email is always open or feel free to give me a call. With that I'll hand over to Mike to just do a quick wrap up.

Michael Bradley, EGM AEMC: Thanks Jess, thanks everyone for participating this afternoon. I think it's really good to get a really good list of issues on the table. Just from AEMC staff point of view, you know, our role is to listen to all of the viewpoints people put forward, all of the arguments, all the evidence that they can bring to bear and present that to Commission in a way that helps them make

a decision. That's for Jess, me, Yolana and Pete to do that. But I think getting this sort of feedback is really useful for us. And so what we'll do is take this set of issues.

If you do put in a written submission from here, we would ask you to try to really clarify exactly what the issue is from your perspective, whether you've got - the type of evidence or perspective you bring to that. And whether that's from, you know, front line people in your advocacy groups or support worker groups, or whatever that is that you can bring, all of it adds up to the case. I'll say thanks to Steph for coming in and also helping us with this, because I think that was really useful to get Steph's perspective.

So that's where we are, heading for Thursday submissions. Please reach out to Jess or myself if you want a discussion in the next few days, and then we will see where we land with submissions. And at that point it's up to the Commission, really, whether they think the process, as we have it for a tight timeframe remains on that tight timeframe, or if the Commission needs longer, that's the same in every process we do. So at the moment we've got a top timeline, but that's always for them to assess as soon as we get submissions in and tell them what the substance of those submissions are. So that's where we're up to.

Thank you, everybody for your participation, that was really useful for us.